

Committee on Resources, Subcommittee on Water & Power

[water](#) - - Rep. Ken Calvert, Chairman

U.S. House of Representatives, Washington, D.C. 20515-6204 - - (202) 225-8331

Witness Statement

Testimony of
Mr. Stuart Woolf, President & CEO
Woolf Enterprises
Before the
U.S. House of Representatives
Committee on Resources
Subcommittee on Water and Power
On April 3, 2001
Hearing on
California Water - A Regional Perspective

Chairman Calvert and members of the Subcommittee, I would like to thank you for the opportunity to testify on behalf of the many farmers in California and the United States who feed and clothe our families and provide the people of our world with safe and affordable food and fiber products.

History of the Woolf Family

I grew up on the westside of the San Joaquin Valley, in the midst of a large farming operation. My father, Jack Woolf began his career shortly after World War II as the general manager of Giffen Inc., a pioneer farming operation owned by Russell Giffen. At its peak, Giffen Inc. farmed more than 120,000 acres in the area. My brothers and sisters and I quickly became an integral part of westside agriculture.

Federal Reclamation Law came to the Westlands Water District service area in the early 1960's. As part of the contract offered by the United States to provide water and drainage service to these lands, Mr. Giffen entered into an agreement to sell his landholdings after 10 years of receiving federal water benefits. Giffen Inc. was ultimately sold to over 50 family farmers seeking to become part of the development of the arid west. My father acquired land from Mr. Giffen in 1974 and began farming on the basis and commitment of a 40-year contract for a reliable surface water supply from the federal Central Valley Project.

As a farmer in a federal reclamation water district, we are limited to the number of acres we can own and farm with federal project water. In some cases, such as the Giffen Inc. situation, lands must be sold at Bureau of Reclamation-approved price levels. These restrictions were embraced on the promise of reliable water supplies, completed water distribution systems, and drainage service. However, today we attempt to farm with inadequate water supplies, no drainage service and the debt associated with on-farm water distribution systems that were financed with our own dollars when the United States failed to meet its contractual commitments.

My three brothers, two sisters and I are shareholders in Woolf Enterprises, a collection of family operations. Our interests include landholdings in western Fresno and Madera counties; Los Gatos Tomato Products, one of California's largest bulk tomato paste processing plants; Harris Woolf Almond, an almond processing and marketing company; Huron Cotton Ginning Co.; and Cal-West Rain, a drip-irrigation equipment company. We employ over 560 people each year, 139 full-time and 424 seasonal, and are actively involved in the community of the San Joaquin Valley.

The Woolf Mission

The mission of the Woolf operation is to be known as "The Best Ag Resources Managers". Virtually every decision made in our operation is measured against this objective. As one of many, many farmers in this country, we are challenged to manage land, make water use decisions, employ a workforce, and apply inputs to our landholdings that meet this objective. Farming requires a great deal of resources - each year the Woolf farming entity uses surface water, groundwater and market transfers to meet the crop water requirements, applies over 1 million labor hours, and over 224,000 decatherms of natural gas and 9.3 megawatts of electricity for groundwater production. Los Gatos Tomato Products uses over 1 million decatherms of natural gas during the annual tomato processing season, which runs from July 1 to September 30. Harris Woolf Almond uses over 1 million kilowatts of electricity each season. In today's agricultural economy, utilization of these high cost inputs must be done with a high commitment to efficiency.

I believe that we, as one of the nation's farmers, are the ultimate stewards of this country's natural resources. We care about soil quality and invest dollars and sweat to improve the productivity of our lands; we care about efficient water use and take the necessary steps to assure maximum applied water efficiency; and our trees and vines produce clean air by scrubbing carbon dioxide from the atmosphere and converting it to oxygen. We have installed high-cost drip irrigation technology on more than ¼ of our landholdings, employ laser-leveling to the majority of our ranch, and utilize global positioning satellite technology on our field equipment to reduce capital, fuel and labor costs and allow us to work over installed drip equipment without damaging it. A prerequisite of successfully farming in California and the rest of the nation is to "do more with less" and we are truly committed to this objective.

The Significance of California Agriculture

My family grows almonds, pistachios, processing tomatoes, Pima cotton, wine grapes, garlic, lettuce, and onions, contributing to the \$3 billion dollar gross annual farm income of Fresno County, the number one ag-producing county in the United States. Our neighbors, Kings, Tulare, and Kern Counties, typically rank in the top five in the nation each year. The San Joaquin Valley of California, where all of these counties are located, is truly the fertile valley of the United States, serving to feed not only Californians, but all of our neighbors and fellow citizens throughout the country, as well as a few hundred million people world wide.

We are a member of a very large family, California's farmers, who in 1998 produced \$27.7 billion in total farm income, approximately 13% of the total ag production of the United States. This gross farm income multiplies through the state and national economies, generating sales and income taxes that support social programs and county services, and provide key revenues to the state and federal budgets. These dollars multiply through the economy over 2.5 times, generating nearly \$80 billion in gross state and national product each year.

Expansion of the California population will present more challenges to our state and federal political leaders. Urban encroachment continues to whittle away at prime farmlands. In California between 1988 and 1998, about 166,000 acres of cropland (1.5% of total cropland) were converted to urban and build-up uses. This conversion will continue to occur at ever-increasing rates, challenging the remaining farmers to produce more with less and our political leaders to develop federal policies that maintain our diverse and high quality food supply.

If there are any questions about the significance of California agriculture and its effects on the nation's food supply and ag economy, consider these facts from the California Department of Food and Agriculture:

- For more than 50 consecutive years, California has been the number one food and agricultural producer in the United States.
- California produces 350 different crops and commodities. Products exclusively (99% or more) grown in

California include almonds, artichokes, dates, figs, kiwifruit, olives, persimmons, cling peaches, pomegranates, pistachios, prunes, raisins, clovers, and walnuts.

- Nearly 1 in 10 jobs in California are ag-related.
- California exports in 1997 totaled \$6.7 billion, about 20% of the total California ag production and about 13% of the total United States ag export.
- Leading exports for California commodities include cotton, almonds, wine, table grapes, and oranges; destined for Japan, Canada, Hong Kong, South Korea, Germany and the UK.

But California does not stand alone. Farmers in the other top-producing agriculture states of Texas, Iowa, Nebraska, Illinois and throughout the country are all key contributors to the national economy. Years ago, our political leaders recognized that a safe and independently produced food supply was critical to our success. Farm support and land reclamation programs have contributed to our independence and productivity as a nation. These programs have focused on the needs and benefits of various regions in our country. Land reclamation has developed the arid western states into a widely diversified agricultural machine. Commodity supports have served to protect and maintain the corn, soybean and grain-producing engine of the central states. These programs have been among the greatest investments of the American people, by generating huge economic productivity many times greater than the federal support.

Impacts of Water Supply Uncertainty

Unfortunately, this economic engine can only run with adequate water supplies. The current energy crisis highlights the impact of shortages in basic resources on the citizens and businesses of this country. Water supply uncertainty has the same impact and has plagued the Woolf operation and other farmers in California. In 2001 we will fallow approximately 20% of our total landholdings due to inadequate water supplies from the federal Central Valley Project. With adequate water supplies, these lands are capable of generating additional gross farm income. Without adequate water supply, these lands present our operation with annual carrying costs of nearly \$300 per acre, with little or no opportunity to generate income.

The rapid decline of CVP and State Water Project water supply reliability is forcing many farmers in California to idle land and sell water supplies to cover a portion of their annual debt. A conservative estimate is approximately 20% of the ag land in the CVP export service area will be fallowed in 2001, despite average rainfall conditions and above normal water storage throughout the State. While it remains to be seen how much we can mitigate this massive fallowing, we can certainly expect a large negative impact on the California ag and national economy.

Looking forward, we are very concerned about our ability to sustain our historical operating levels. If water supplies are inadequate today in normal to above-normal conditions, what will happen when we enter the inevitable drought? Who will have the ability to survive? What will be the impact to local communities, the State and national economies?

The answers to these questions depend on the ability of our federal and state legislators to develop balanced and effective policies in the critical arenas of water and energy resource management. We are all here today because we recognize the opportunity to address matters of national significance. If balanced resource management policies can be developed and implemented, then California agriculture will survive. If equitable and sustaining policies can not be developed, then a large part of the United States' food producing capabilities will be lost.

In 1994, we embraced the Secretary Babbitt/Governor Wilson Bay-Delta Accord because it promised interim stability and a program, later titled CALFED, that would restore balance to the regulatory decision-making process and establish hope for future water supply improvements through increased water storage

and conveyance capacity. CALFED became our hope, our promise that things would ultimately get better.

Today, we remain convinced that CALFED is the best opportunity for Californians, and particularly its farmers, to regain the critical level of water supply stability to maintain our unique and high level of ag productivity. However, if CALFED is to succeed, Congress must take legislative action to authorize this program and establish basic guiding principles and direction for the current and future administrations. These principles must restore balance to the implementation of regulatory actions and environmental restoration programs. Congress must provide direction that balance and preservation of our agricultural economy is a critical component of national resource management policy.

Conclusion

The basis of every great society is a strong commitment to agriculture. Over the years, our political leaders have recognized the importance of a safe and affordable food supply to the American people. Farmers have been provided the tools and supports to lead the United States to the highest standard of living and the safest and most diverse food supply of any country in the world. Our economic diversity and productivity starts at the farm - The successes of America's farmers has allowed millions of American citizens to pursue careers outside of agriculture instead of growing their own food supply.

The productivity of the California farmer has played a key role in allowing the United States to achieve a strong position in international trade, contributing food products to other countries, strengthening the American dollar, and allowing affordable access to foreign commodities critical to the US economy. In order to maintain these incredibly high standards and accomplishments, we have reached a point where our legislators must reconfirm our nation's commitment to agriculture and provide the appropriate policy direction, program authorization, and funding.

It is very clear that California agriculture is critical to the nation, in terms of food production, safety, economic strength, and international trade. This is a resource that we must protect.

I appreciate the opportunity to testify before you today and stand ready, as one of millions of farmers in the nation, to assist you in preserving a very important segment of our economy.

#